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THE CROW'S NEST PASS COAL COMPANY, LIMITED
FERNIE, BRITISH COLUMBIA

ANNUAL REPORT

FOR

YEAR ENDED DECEMBER 31, 1940.

BOARD OF DIRECTORS

H. P. Wilson
L. C. Gilman
Erasmus C. Lindley

Thomas Balmer
James T. Maher
F. D. Pratt

Welles V. Moot

EXECUTIVE COMMITTEE

Thomas Balmer, Chairman

H. P. Wilson
James T. Maher

L. C. Gilman
F. D. Pratt

OFFICERS

H. P. Wilson	President & General Manager
Thomas Balmer	First Vice President
L. C. Gilman	Second Vice President
Geo. H. Hess, Jr.	Comptroller
J. S. Irvine	Secretary
J. H. Marshall	Treasurer
Welch, Anderson & Company	Auditors

TRANSFER AGENTS

Toronto General Trusts Corporation, Toronto, Ont.

Bankers Trust Company, New York, N. Y.

REGISTRARS

National Trust Company, Limited, Toronto, Ont.

Central Hanover Bank & Trust Co., New York, N. Y.

Fernie, British Columbia.
March 31, 1941.

TO THE SHAREHOLDERS OF
THE CROW'S NEST PASS COAL COMPANY, LIMITED :

We submit herewith the Forty-fourth Annual Report of your Company for the year ended December 31, 1940, together with a Balance Sheet, duly certified by your Auditors, Welch, Anderson & Company, as well as a statement of Income and Surplus Account.

The profit from all sources after depreciation and depletion amounted to \$307,162.98.

The net Capital Expenditures made by the Coal Company and its subsidiaries during the year amounted to \$53,480.60.

Distributions to shareholders during the year amounted to the sum of \$186,354.00, which is equivalent to \$3.00 per share. This amount was paid from earned profits.

Coal mined amounted to 813,610 tons, as compared with 600,551 tons in 1940.

Coke production was 66,961 tons as compared with 57,350 tons in 1940.

By Order of the Board of Directors,

H. P. WILSON,
President.

AUDITORS' REPORT AND CERTIFICATE

March 13th, 1941.

To the Shareholders,

THE CROW'S NEST PASS COAL COMPANY, LIMITED,
Ferne, B.C.

We report that we have audited the books and accounts of your Company for the year ended December 31st, 1940, and certify that we have obtained all the information and explanations required.

We confirmed the securities of the Company held for safekeeping by the Imperial Bank of Canada, Vancouver Branch, by certificate from the depository.

The cash and bank balances were verified, either by actual count or by certificates from the depositories.

The accounts receivable have not been verified by direct communication with the debtors.

Deficits in subsidiaries are being written off on an annual basis, which we consider adequate.

Full provision has been made for Federal Income Tax. Provision has also been made for the Excess Profits Tax which it is considered will be assessed against the Company, but the adequacy of this provision is subject to a satisfactory ruling by the Board of Referees on the Company's application for a Standard Profit, as provided by Section 5, of the Excess Profits Tax Act.

Subject to the foregoing, we certify that the accompanying Balance Sheet is, in our opinion, properly drawn so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information, the explanations given us and as shown by the books of the Company.

WELCH, ANDERSON & COMPANY,

Chartered Accountants.

THE CROW'S NEST PASS COAL COMPANY, LIMITED

BALANCE SHEET — DECEMBER 31st, 1940.

ASSETS

Cash on hand and in banks	\$ 517,930.40
Accounts receivable	249,935.02
Coal, coke and by-products and mine supplies — at cost or useful values	157,093.99
Bonds and shares (Market value \$956,059.14) at cost	906,611.16
Shares (No established market value) nominal value	2.00
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	1,831,572.57
Imperial Bank of Canada, Fernie—Dividend Account	
To provide for issued and outstanding dividend cheques —	
per contra	4,484.49
Account receivable — subsidiary — wholly owned company	1,743.72
Shares of wholly owned subsidiaries	404,932.81
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	406,676.53
Mines, real estate, buildings, plant and equipment at cost, less	
amounts written off to reserves	6,239,446.20
Less: Reserves for depletion and depreciation	3,130,643.34
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	3,108,802.86
Deferred Charges	3,330.10
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Total	\$5,354,866.55

LIABILITIES

Accounts payable—including accrued wages	52,164.47
Accrued taxes and assessments	11,106.81
Account payable—to wholly owned subsidiary Company	13,425.62
Provision for Dominion of Canada taxes—year 1940—less payments made in advance	116,709.65
Dividend cheques issued and outstanding — per contra	4,484.49
Capital :	
Authorized \$10,000,000.00 divided into 100,000 shares of the par value of \$100.00 each — Subscribed and paid up	6,212,666.66
Deficit :	
December 31st, 1940, as shown on accompanying Statement	1,055,691.15
	<u>5,156,975.51</u>
Total	<u>\$5,354,866.55</u>

This is Balance Sheet referred to in Auditors' report dated
March 13th, 1941.

Signed on behalf of the Board : James T. Maher, Director.
Thomas Balmer, Director.

THE CROW'S NEST PASS COAL COMPANY, LIMITED

STATEMENT OF INCOME

For the year ended December 31st, 1940.

Profit on coal and coke operations	\$ 692,432.09
Less : Executive officers' salaries	34,838.55
Counsel and legal fees	2,400.00
Directors' fees	2,500.00
Provision for depreciation	134,084.79
Provision for depletion	81,361.00
	255,184.34
	437,247.75
Other Income :	
Interest on securities — after amortization of investments	
\$1,448.66	32,245.88
Interest on bank balances, exchange, etc.—net	1,783.54
Recovered on investment previously written off	859.55
Profit on sale of securities	180.00
Sundry income—net	16,605.44
	51,674.41
	488,922.16
Other Charges :	
Investment in stocks (with no established market value)	
written down—subsidiary companies	34,621.39
Accounts receivable written off	304.15
	34,925.54
	453,996.62
Provision for Income and Excess Profits taxes—Dominion of Canada	146,833.64
Net Profit For Year	307,162.98

STATEMENT OF DEFICIT — DECEMBER 31st, 1940.

Distribution to shareholders to December 31st, 1939, from funds derived through creation of reserves for Depletion per resolutions of Directors	(x) 1,340,632.20
Less : Profit for the year ended December 31st, 1939	164,132.07
Profit for year ended December 31st, 1940	307,162.98
	471,295.05
Less dividends paid in 1940	186,354.00
	284,941.05
Deficit — December 31st, 1940 — per Balance Sheet	1,055,691.15

(x) This amount represents distributions paid to Shareholders under Section 83, s. s. 4 and 5 of the Dominion Companies Act.

